III Year-end Closing - Fiscal Month 13 Processing

This chapter discusses the entries and processes that agencies must complete after adjusting entries are posted. The automated year-end closing process is controlled by the Organization Control (OC) Table. See Volume 2, Chapter IV, Subchapter IV-OC, for a detailed explanation of the OC Table Indicators.

The new year OC Table is used for all FM 13 processes.

YEAR-END COST ALLOCATION OPTIONS

Any FM 13 accrual or adjustment entries that affect expenditures and encumbrances must be cost allocated and fund split. Before running cost allocation/fund split for FM 13, complete the following:

- ✪ Post all adjusting entries and other expenditure entries to FM 13; and
- ✪ If the OC Table Cost Allocation Run Type is **C**, reload statistics in FM 12 if applicable.

For agencies that allocate costs using the actual cost methodology, the allocation is normally based on year-to-date expenditures. However, the FM 13 cost allocation process will only allocate to PCAs with June activity (FM 12). This prevents costs from allocating to invalid PCAs.

See Exhibit III-1 for a summary of year-end cost allocation indicator options. Although four options are listed, most agencies select only **OPTION #3** for their FM 13 cost allocation process. Exhibit III-2 shows the various activities and the allocation base used.

EXHIBIT III-1
YEAR-END COST ALLOCATION RUN INDICATOR OPTIONS

To run the year-end cost allocation of accrued expenditures and/or encumbrances, one of the following combinations of run indicators must be set in the **new year** OC Table.

NOTE: Since multiple cost allocation processes may be run in one month, the Last Step Run Indicator must be set to **00** to start the current requested process.

OPTION	SYSTEM ACTION	COST ALLOCATION RUN IND	COST ALLOCATION RUN TYPE	ENCUMB-ALLOC IND
1	Allocate / Fund Split expenditures recorded as FM 13 activity only.	**A, C, Y**	**A**	**N**
2 [1], [2]	Allocate / Fund Split encumbrance year-to-date (including FM 13) balances (records this activity in GLA 6151 to keep separate from monthly encumbrance activity in GLA 6150).	**A, C, Y**	**A**	**E**
3 [1], [2]	Allocate / Fund Split both expenditures and encumbrances at the same time.	**A, C, Y**	**A**	**Y**
4	Allocate Variances (PCA Dist. Type 6) - only for those agencies that use standard costed PCA(s). Under the standard Costing Method, encumbrances are never allocated.	**A, C, Y**	**Y**	**N**

See Exhibit III-2 for the descriptions of the allocation base used.

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[1] *If your OC Table PCA Method = 2, do not allocate encumbrances more than once.*

[2] *Once the entry is made to adjust the allocated encumbrances credit from Administration to Distributed Administration, encumbrances cannot be reallocated.*

EXHIBIT III-2
EXPENDITURE vs. ENCUMBRANCE ALLOCATION

Activity	Allocation Base Used
Current Year Expenditures (Year Being Closed)	
MONTHS 01-12	
Run type **S**	Prior month activity.
Run type **C**	Cumulative from inception through PM activity.
MONTH 13	
Run Type **A** [1]	Cumulative from inception through FM 13.
Current Year Encumbrances (Year Being Closed)	
MONTHS 01-12	
Run type **S** or **C** [2]	Cumulative from inception through PM activity for both run types.
MONTH 13	
Run Type **A** [1]	Cumulative from inception through FM 13.
Prior Year Expenditures And Encumbrances	
MONTHS 01-13	
Run type **S** or **C** [1]	Cumulative from inception through PM activity.
Run Type **A** [1]	Cumulative from inception through FM 13.

---

[1] When FM 13 and all prior years are allocated, PCAs defined as Cost Allocation Table Distribution Types 1, 2, or 3 (the standard costing methods) are treated as Distribution Type 5, which uses the Object Range Low of 00100 to Object Range High of 19900 (Personal Services) to determine the distribution base.

[2] When distributing encumbrances, the Credit PCA assigned in the Cost Allocation Table is always ignored, and the credit is recorded to the PCA being allocated.

OPTION #1 -- Cost Allocate/Fund Split Fiscal Month 13 Expenditures Only

To run cost allocation/fund split for FM 13 _expenditures only_, use the new year OC Table to set the following indicators:

RUN COST = **A**, **C** or **Y**
RUN TYPE = **A**
ENCUMB ALLOC = **N** or **Blank**
LAST STEP RUN = **00** (Zero-Zero)

FM 13 expenditures should not be allocated more than once.

OPTION #2 -- Cost Allocate/Fund Split Fiscal Month 13 Encumbrances Only

Encumbrances remaining in the Clearing Account after adjusting entries have been made must be cost allocated and fund split to their ultimate funds. The allocation of encumbrances is based on the agency's cost allocation tables, but the credit is always back to the same PCA where the encumbrance was established. (Expenditures can recover in the same or different PCAs.) The fund split of encumbrances is based on the funding percentages contained in the PCA table.

NOTE: Allocated encumbrances at year-end do not post to the Grant Project File. Therefore, these encumbrances are not reflected on the F01, Summary of Project Revenues and Expenditures Report.

To run cost allocation/fund split for FM 13 _encumbrances only_, use the new year OC Table to set the following indicators:

RUN COST = **A**, **C** or **Y**
RUN TYPE = **A**
ENCUMB ALLOC = **E**
LAST STEP RUN = **00** (Zero-Zero)

Unlike the cost allocation of expenditures, encumbrances may be allocated as many times as necessary. (There are two exceptions–see the Exhibit III-1 footnote.) Subsequent allocations reallocate only those items that have changed from the previous allocation.

OPTION #3 -- Cost Allocate/Fund Split Fiscal Month 13 Expenditures and Encumbrances

FM 13 cost allocation/fund split of both expenditures and encumbrances can be processed at the same time. Option #3 takes the fewest days to complete and avoids potential OC Table maintenance errors.

To run cost allocation/fund split for FM 13 _expenditures and encumbrances at the same time_, use the new year OC Table to set the following indicators:

RUN COST = **A**, **C** or **Y**
RUN TYPE = **A**
ENCUMB ALLOC = **Y**
LAST STEP RUN = **00** (Zero-Zero)

This option can be run only once.

OPTION #4 -- Cost Allocate/Fund Split Year-End Variance

This option is for agencies that use standard costing PCAs. Variances created during the year that have not been allocated and those created after FM 13 cost allocation must be allocated in the year-end variance cost allocation/fund split process.

To run cost allocation/fund split for FM 13 _variances_, use the new year OC Table to set the following indicators:

RUN COST = **A**, **C** or **Y**
RUN TYPE = **Y**
ENCUMB ALLOC = **N**
LAST STEP RUN = **00** (Zero-Zero)

This option can be run only once.

PREPARE PRELIMINARY FM 13 RECONCILIATIONS

After the FM 13 cost allocation/fund split process is complete (including the correction of all resulting errors) agencies should prepare preliminary FM 13 reconciliations. Request the reports (use Prior Year option–**PY**) needed to prepare the preliminary FM 13 reconciliations. These reports include the HB4, G01, DB1, DB2, D16, B03, B04 and S01. Any CALSTARS reconciling items found during this process need to be corrected with additional entries to CALSTARS. Any entries made affecting GLA 9000 must be manually cost allocated and fund split.

At this time, agencies should also request a B06 or N10 Report to review all appropriations for over-expenditures or inappropriate costs. Since the manual process of reclassifying the allocated encumbrance credit in Administration will not be performed until later, a Q14 or Q16 Report at a level that shows Administration separate from Distributed Administration may be used to determine the true balance of Administration (see the *Reclassify Allocated Encumbrance Credit in Administration* section later in this chapter).

After reviewing the preliminary FM 13 reconciliations and the B06 Report, agencies may find that budgetary expenditures (expenditures plus encumbrances) exceed appropriation, fund and/or cash balances. If this is the case, review the correctness of encumbrances, accruals and expenditures. If adjustments are necessary due to incorrect entries, refer to the subsequent section titled *Correcting Encumbrance or Accrual Entries/Allocation* for instructions. For funds where revenue collections must be considered, verify that all receipts earned have been billed and/or accrued and revenues received in advance do not contain receipts for the current accounting period (B04, F01, and G02 reports).

In most agencies, the year-end review of budgetary expenditures is done in conjunction with Budget Office staff. If a scheduled line, appropriation, fund or cash in a fund is overexpended, adjustments must be made prior to statement preparation. It may be necessary to move expenditures/encumbrances, submit a Budget Revision or Deficiency Request, request a loan, or other appropriate action. Under no circumstances should the Accounting Office reverse accruals, expenditures, or encumbrances that are legitimate costs of a program or category.

Making Adjustments after FM 13 Cost Allocation/Fund Split

To make expenditure/encumbrance adjustments after FM 13 cost allocation/fund split, FM 13 must be reopened by setting the OC Table Prior Year Open indicator to **Y**. If encumbrance adjustments are needed, it may be possible to re-run the encumbrance allocation (see Option 2 in the preceding section), *however*, once manual encumbrance adjustments are entered (TC 312/TC 316), the automated encumbrance allocation process should **not** be used. The following describes some adjustments that may be necessary:

Move Encumbrances to New Year

If appropriate, do the following to move encumbrances to the *new year*:

1. Disencumber encumbrances in FM 13
   - ✪ Use TC 213 in FM 13 to shift encumbrances to the new fiscal year; and
   - ✪ If the encumbrances are not direct charged to the appropriation being adjusted (i.e., they are in the Clearing Account), reallocate encumbrances (see Exhibit III-1, Option 2) or manually adjust allocated encumbrances. If allocated encumbrances are manually adjusted, use TC 312 to post to the Clearing Account and TC 316 to post to the appropriation being adjusted using the ultimate funding information.
2. Reestablish encumbrances in the *new fiscal year*

   Use TC 211 in the *new fiscal year* (CM or PM) using the new year Indexes/PCAs to reestablish the encumbrances with the revised funding. (An alternative process is to use TC 211 with a zero amount and TC 212 with the actual amount. TC 211 establishes the document and TC 212 places the encumbrance amount in the adjustments field, since it is not a new encumbrance.)

Move Expenditures to Another Appropriation

If appropriate, do the following to transfer the overexpended appropriation amount to an underexpended appropriation.

1. Credit overexpended appropriation - Lump Sum
   - ✪ Use TC 315;
   - ✪ Use an agency-wide Index Code;
   - ✪ Use an appropriate PCA that looks up the overexpended appropriation and scheduled line in the appropriation;
   - ✪ If appropriated by program, use Object Detail **191** for Personal Services, Object Detail **591** for Operating Expenses or Object Detail **691** for Unclassified;
   - ✪ If appropriated by category, use Object Detail **191** for Personal Services and/or Object Detail **591** for Operating Expenses; and,
   - ✪ Charge ultimate AS, FS, Fund, Fund Detail and Method exactly as originally charged. (Must override disbursing AS and Fund.)
2. Debit underexpended appropriation - Lump Sum
   - ✪ Use TC 311;
   - ✪ Enter the same Index Code as Credit Index Code;
   - ✪ Enter the same PCA as Credit PCA. If new AS and Fund are not on the ultimate fund segment of the PA Table, they must be added (use **0.0000**%) prior to making this entry;
   - ✪ Enter the same Object Detail as the Credit Object Detail; and,
   - ✪ Enter the ultimate AS, FS, Fund, Fund Detail and Method selected for transfer. This coding may be contained in or added to PA table. (Must override disbursing AS and Fund).

Correct Encumbrance or Accrual Entries/Allocations

1. Identify the original incorrect entry(ies) and record reversing or adjusting entry(ies). For example, an erroneous expenditure accrual recorded with a TC 215 would be reversed with a TC 215R. If the PCA(s) used in the correcting entry(ies) is an Indirect PCA(s), corrections must be manually cost allocated to identify the specific direct PCA(s) to post to the ultimate funds as described below.

2. If any of the above corrections are posted to the Clearing Account, the effects of these corrections on the ultimate funds/appropriations must also be recorded.

a. If encumbrances are adjusted in the Clearing Account, reallocate encumbrances (see Exhibit III-1, Option 2); or, manually adjust allocated encumbrances.

   1) For entries reducing encumbrances, enter a TC 312 in the Clearing Account, using the PCA's disbursing fund and a TC 316 in the appropriation being adjusted, using the PCA's ultimate funding information.

   2) For entries increasing encumbrances, enter a TC 316 in the Clearing Account, using the PCA's disbursing fund and a TC 312, in the appropriation being adjusted using the PCA's ultimate funding information.

b. If expenditures are adjusted in the Clearing Account, TC 311s and 315s must be entered to manually perform fund distribution to the ultimate funds.

   1) For entries crediting expenditures, enter TC 311 transactions in the Clearing Account (disbursing funding) and TC 315 transactions for the ultimate fund by coding the PCA's ultimate funding information.

   2) For entries debiting expenditures, enter TC 315 transactions in the Clearing Account (disbursing funding) and TC 311 transactions for the ultimate fund by coding the PCA's ultimate funding information.

Correct Variances in Indirect Cost Centers Funded by the Clearing Account

1. Analyze CA Table to determine where variance should be charged.

2. Enter TC 311 (Charge):

   - Use Index and PCA determined from the analysis

   - Use Object per CA Table (Charge Object)

   - Charge ultimate Appropriation Symbol (AS), Fund Source (FS), Fund, Fund Detail and Method of PCAs being charged (must override disbursing AS and Fund).

3. Enter TC 315 (Credit):

   - Use Index, PCA, Object, AS, FS, Fund, Fund Detail and Method as shown on CA Table for recovery.

RECLASSIFY ENCUMBRANCES REPORTED AS ACCOUNTS PAYABLE

In CALSTARS, encumbrances outstanding at year-end are automatically carried forward to the new fiscal year as Start-of-Year Encumbrances. For year-end reporting purposes, the G02 Report, Pre-Closing Trial Balance and Post-Closing Trial Balance, automatically reflects all Encumbrances (GLA 6150) as Accounts Payable (GLA 3010). As a result, agencies **do not** record a year-end adjusting entry to reclassify encumbrances as accounts payable. However, the State Controller's Office requires that **some** encumbrances **must be reclassified** to the correct general ledger liability account, (GLA 3110, 3210, 3220, 3290) rather than GLA 3010. Refer to the criteria below to determine if reclassification entries are required.

- ✪ If the encumbrances are ultimately for a governmental fund or a General Obligation Bond Fund (classified as Funding Source **B** per the UCM), the reclassification entries are **not** required.
- ✪ If the encumbrances are ultimately for a non-governmental fund or any bond fund other than a General Obligation Bond Fund, the reclassification entries are required.

If reclassification entries are required, agencies must perform a detailed analysis to determine the appropriate Due To account, the amount to be reclassified and the ultimate fund source of the Accounts Payable to be reclassified. Exhibit III-4 is an example of a completed Vendor Type 3 Accounts Payable Reclassification Worksheet. Exhibit III-5 is a blank Vendor Type 3 Accounts Payable Reclassification Worksheet that may be reproduced for agency use. Exhibit III-6 is an example of a completed Vendor Types 2, 4 and 5 Accounts Payable Reclassification Worksheet. Exhibit III-7 is a blank Vendor Types 2, 4 and 5 Accounts Payable Reclassification Worksheet that may be reproduced for agency use.

To perform the analysis, the agency needs:

D07, Year-end Document File Report of Encumbrances
The D07 Report, ordered at the PCA Level (F=**1**), identifies each encumbrance by Vendor Type and PCA. The D07 Report is sorted by Enactment Year, Fund within Enactment Year, Vendor Type within Fund and then PCA within Vendor Type. Vendor Types **C**, **E**, **I**, **P** and **0** are combined on the D07 Report. These Vendor Types and Vendor Type **1** are not manually reclassified because they will be properly reported as Accounts Payables by CALSTARS. The following chart shows the Vendor Types on the D07 report that require manual reclassification:

Vendor Types Requiring Reclassification

TYPE	DESCRIPTION	RECLASSIFICATION GLA
2	Federal Agency	3210
3	State Agency	3110
4	Local Government	3220
5	Other Govt'l Agency	3290

For the purpose of this analysis, discard Vendor Types **C**, **E**, **I**, **P, 0** and **1**. Separate Vendor Types **2**, **3**, **4** and **5**.

NOTE: If there are any "Undefined" Vendor Types, the agency must determine the appropriate Vendor Type for each document. Include any documents defined as Vendor Type **2**, **3**, **4** and **5** with those documents previously defined as Vendor Type **2**, **3**, **4** and **5**. Agencies may avoid this extra step by always inputting a Vendor Number when establishing an encumbrance.

PA Table

The PA Table identifies the ultimate fund source and PCA Type for each PCA found on the D07 Report.

CA Table

PCAs with a PCA Type other than **1** allocate to other fund sources as determined by the CA Table.

INSTRUCTIONS FOR COMPLETING RECLASSIFICATION WORKSHEET FOR VENDOR TYPE 3 (Exhibit III-5):

A separate Accounts Payable Reclassification Year-End Worksheet is completed for each FFY that has Vendor Type **3** encumbrances. The D07 Report is sorted by Enactment Year, not FFY. The FFY is listed in the body of the report.

1. Locate the encumbrances for Vendor Type **3** on the D07 Report.

2. For each encumbrance listed as Vendor Type **3**, identify the fund number the encumbrance is Due To (the fund number in which the payment will be deposited by the receiving agency). If the fund number is not known, use the fund number of the agency's main support appropriation. Write this fund number in the right margin of the D07 next to the "Balance" of each encumbrance.

3. Prepare a separate Accounts Payable Reclassification Year-end Worksheet for each FFY with Vendor Type 3 encumbrances. Write the FFY at the top of the Worksheet.

4. Transfer to the Worksheet the fund numbers identified in Step 2. Write the fund numbers across the top of the worksheet in the boxes located under "Due To Fund". If there is more than one encumbrance with the same fund number, list the fund number only once on the worksheet.

5. In the "PCA" column of the Worksheet, list the PCAs from the "PCA" column of the D07 Report. List each PCA only once.

6. Using the D07, calculate the encumbrance amount for each PCA and Fund combination. Post the calculated amounts to the appropriate "Fund" column and "PCA" row on the Worksheet.

7. For each PCA listed on the Worksheet, list the PCA's ultimate fund source (Appropriation Symbol, Fund Source, Fund number and Method) and the percentage to be charged. To identify the PCA's ultimate fund source view the PCA number (for the FFY of the document) in the PA Table. For PCAs with PCA Type=**1**, the ultimate fund source(s) are shown in the fund distribution segment of the PCA record. For PCAs with PCA Types other than **1**, use the CA Table to determine the PCAs (with PCA Type=**1**) that will eventually be charged through the cost allocation/fund split process.

8. Calculate the encumbrance amount to be charged to each ultimate funding source. Perform this calculation by multiplying the percentage for each PCA's ultimate funding source(s) by the lump sum encumbrance amounts identified in Step 6. Post these calculations into the appropriate column and row on the Worksheet.

9. Total the Worksheet by column. Be careful to calculate only the distribution amounts, do not include the original lump sum encumbrance amounts.

10. Calculate the "Total Worksheet" amount by summing the column totals. The "Total Worksheet" amount should agree with the total of the documents for the FFY for Vendor Type **3**.

INSTRUCTIONS FOR COMPLETING RECLASSIFICATION WORKSHEET FOR VENDOR TYPE 2, 4 and 5:

A separate Accounts Payable Reclassification Year-End Worksheet is completed for each FFY that has Vendor Type **2, 4 and/or 5** encumbrances, however a separate worksheet is ***not*** completed for each Vendor Type. The D07 Report is sorted by Enactment Year, not FFY. The FFY is listed in the body of the report.

1. Locate the encumbrances for Vendor Types **2**, **4** and **5** on the D07 Report.

2. Prepare a separate Vendor Types 2, 4 and 5 Accounts Payable Reclassification Worksheet for each FFY with Vendor Type **2**, **4** and/or **5** encumbrances. Write the FFY at the top of the Worksheet.

3. In the "PCA" column of the Worksheet, list the PCAs from the "PCA" column of the D07 Report. List each PCA only once.

4. Using the D07, calculate the encumbrance amount for each PCA and Vendor Type combination. Post the calculated amounts to the appropriate "Vendor Type" column and "PCA" row on the Worksheet.

5. For each PCA listed on the Worksheet, list the PCA's ultimate fund source (Appropriation Symbol, Fund Source, Fund number and Method) and the percentage to be charged. To identify the PCA's ultimate fund source view the PCA number (for the FFY of the document) in the PA Table. For PCAs with PCA Type=**1**, the ultimate fund source(s) are shown in the fund distribution segment of the PCA record. For PCAs with PCA Types other

than **1**, use the CA Table to determine the PCAs (with PCA Type=**1**) that will eventually be charged through the cost allocation/fund split process.

6. Calculate the encumbrance amount to be charged to each ultimate funding source. Perform this calculation by multiplying the percentage for each PCA's ultimate funding source(s) by the lump sum encumbrance amounts identified in Step 4. Post these calculations into the appropriate column and row on the Worksheet.

7. Total the Worksheet by column. Be careful to calculate only the distribution amounts, do not include the original lump sum encumbrance amounts. The "Total" of each column should agree with the total of the documents for the FFY for each respective Vendor Type.

INSTRUCTIONS FOR CODING RECLASSIFICATION ENTRIES

Record a separate transaction for each ultimate fund distribution calculated on the Worksheets if the ultimate fund is a non-governmental fund or bond fund other than a General Obligation Bond fund. No entry is required for the portion distributed to a governmental fund or General Obligation Bond Fund. Use TC 517 for Vendor Type **3** entries and TC 519 for Vendor Types **2**, **4** and **5** entries:

TC 517 - YE Reclassify Encumbrances (A/P) as Due to Other Funds or Appropriations
Dr. 3010 Accounts Payable
Cr. 3110 Due to Other Funds or Appropriations

TC 519 - YE Reclassify Encumbrances (A/P) as Due to Other Governments
Dr. 3010 Accounts Payable
Cr. (Input 3210, 3220 or 3290)

Use a Current Document Number **RECL3010 *nn*** and assign an incremental Document Number Suffix to each entry, beginning with Suffix 01.

NOTE: If the same Suffix code is used on all entries, the entries overlay each other. Only the classification data from the last entry will show on the Document File, making it very difficult to trace and audit.

Use Document Date of **06-30-*yy*** where ***yy*** is the current year.

Do **not** use the PCA number. Instead, use the ultimate funding information: (Appropriation Symbol, Fund Source, Fund and Method) identified on the Worksheets.

The TC 517 entries for Vendor Type **3** require an 8-digit Subsidiary number. The Subsidiary number is ***nnnn*0000** where *nnnn* represents the Fund number the encumbrance amount is Due To (identified on the Worksheet at the top of the "Fund Due To" column). These Subsidiary numbers must be established in the D32 Subsidiary Descriptor Table.

The TC 519 entries for Vendor Types **2**, **4** and **5** require a General Ledger number. Use the GLA numbers contained in the column heading for the Vendor Type.

NOTE 1: After the reclassification entries have been posted, the DB1/DB2 Reports will include the GLA 3110 and GLA 32*nn* from the TC 517 and TC 519 entries as well as an offsetting line titled "Reclass Accts Payable/Enc". These lines should be included in all FM 13 reconciliations because they are needed to record accruals to the Accrual Worksheet, Report 2.

NOTE 2: Because both TC 517 and TC 519 create an abnormal balance in GLA 3010, all transactions post to the Error File. Agencies may correct these errors by using the Fund Control Override (**44**, **W**) error correction coding.

Agencies may also correct these errors by setting position '3' of the OC Table Fund-related Error Severity Segment to **W**. Make sure to change position '3' in the OC table for each Funding Fiscal Year posted in the Reclassification transactions. This allows these transactions and all other FM 13 abnormal balance transactions to post with a Warning message.

All entries recorded with TCs 517 and 519 are reversed in the new year.

NOTE: To have these entries automatically reversed during the Year-end Open process, they must be coded according to the Automated Accrual Reversal Process requirements discussed in Chapter II, section *Use of Fiscal Month 13 for Year-end Adjustments*.

EXHIBIT III-4
VENDOR TYPE 3 ACCOUNTS PAYABLE RECLASSIFICATION WORKSHEET

FUNDING FISCAL YEAR 2000
(TC 517)

PCA	DUE TO FUND			
	0001	*0044*	*0666*	*0678*
10000	*431,956.00*	*32,511.00*	*40,000.00*	*640.00*
36% *100-G-0001-1* 1/	*155,504.16*	*11,703.96*	*14,400.00*	*230.40*
64% *101-F-0890-1* 2/	*276,451.84*	*20,807.04*	*25,600.00*	*409.60*
20000				
100% *201-F-0890-1* 2/	*200,000.00*	*16,300.00*	*20,000.00*	*--*
Totals	*631,956.00*	*48,811.00*	*60,000.00*	*640.00*

TOTAL WORKSHEET: *$ 741,407.00*

SOURCE: D07 - Year-end Document File Report of Encumbrances

Prepared by: *U. R. Dunne* Date: *7-11-01*

[1/] Encumbrance reclass entries are **NOT REQUIRED** for the ultimate fund portion distributed to governmental funds or General Obligation Bond Funds.

[2/] Encumbrance reclass entries are **REQUIRED** for non-governmental funds or bond funds other than a General Obligation Bond Fund.

EXHIBIT III-5
VENDOR TYPE 3 ACCOUNTS PAYABLE RECLASSIFICATION WORKSHEET

FUNDING FISCAL YEAR _____
(TC 517)

PCA	DUE TO FUND			
Totals				

TOTAL WORKSHEET: ________________

SOURCE: D07 - Year-end Document File Report of Encumbrances

Prepared by: ______________________ Date:__________

Note: Prepare reclass entries for the portion of the encumbrance funded by governmental funds or General Obligation Bond Funds.

EXHIBIT III-4
VENDOR TYPE 3 ACCOUNTS PAYABLE RECLASSIFICATION WORKSHEET

FUNDING FISCAL YEAR _2000_
(TC 519)

PCA	VENDOR TYPE 2 3210 - DUE TO FEDERAL GOV'T	VENDOR TYPE 4 3220 - DUE TO LOCAL GOV'T	VENDOR TYPE 5 3290 - DUE TO OTHER GOV'TS
10000		*675,000.00*	
36% *100-G-0001-1* **1/**		*243,000.00*	
64% *101-F-0890-1* **2/**		*432,000.00*	
20000			
100% *201-F-0890-1* **2/**		*125,000.00*	
Total		*800,000.00*	

SOURCE: D07 - Year-end Document File Report of Encumbrances

Prepared by: *U. R. Dunne* Date: *7-11-01*

1/ Encumbrance reclass entries are **NOT REQUIRED** for the ultimate fund portion distributed to governmental funds or General Obligation Bond Funds.

2/ Encumbrance reclass entries are **REQUIRED** for non-governmental funds or bond funds other than a General Obligation Bond Fund.

EXHIBIT III-7
VENDOR TYPES 2, 4 AND 5 ACCOUNTS PAYABLE
RECLASSIFICATION WORKSHEET

FUNDING FISCAL YEAR ______
(TC 519)

PCA	VENDOR TYPE 2 3210 - DUE TO FEDERAL GOV'T	VENDOR TYPE 4 3220 - DUE TO LOCAL GOV'T	VENDOR TYPE 5 3290 - DUE TO OTHER GOV'TS
Total			

SOURCE: D07 - Year-end Document File Report of Encumbrances

Prepared by: ______________________ Date: ______________

Note: Prepare reclass entries for the portion of the encumbrance funded by governmental funds or General Obligation Bond Funds.

RECLASSIFY ALLOCATED ENCUMBRANCE CREDIT IN ADMINISTRATION

In CALSTARS, the allocation of encumbrances is based on the agency's cost allocation tables, but the credit is always back to the same PCA where the encumbrance was established. Administration and Distributed Administration programs use different PCAs. To properly reflect the encumbrance balance, an entry is required to shift the credit balance in Object 912 from the Administration PCA(s) to the Distributed Administration PCA(s). (This adjustment applies only to program appropriations.) To determine the amount of Allocated Encumbrances that must be shifted, request a "Q" (Q16 or Q14, as appropriate) report at the detail level after all encumbrance adjustments are completed and after the final encumbrance allocation process is completed. Make the following entries:

To the Administration PCA(s):

TC 312 - Encumbrance Fund Distribution - Charge - Annual
Dr. 6151 Allocated Encumbrances - Annual
Cr. 6156 Allocated Encumbrances - Offset - Annual

Use Index, PCA and Object Detail Code 912; override Fund, Fund Source, Appropriation Symbol, and Method.

To the Distributed Administration PCA(s)

TC 316 - Encumbrance Fund Distribution - Recovery - Annual
Dr. 6156 Allocated Encumbrances - Offset - Annual
Cr. 6151 Allocated Encumbrances - Annual

Use Index, PCA and Object Detail Code 912; override Fund, Fund Source, Appropriation Symbol and Method.

After these entries have processed, request another B06 Report. This should be the final year-end B06 Report. An example of this adjustment is shown in Exhibit III-8.

*These entries are **NOT** reversed in the new year.*

EXHIBIT III-8

<table>
<tr><th colspan="4">ENCUMBRANCE ALLOCATION IN ADMINISTRATION</th></tr>
<tr><td colspan="2">ADMINISTRATION
Program 40.01
PCA 40001</td><td colspan="2">DISTRIBUTED ADMINISTRATION
Program 40.02
PCA 40002</td></tr>
<tr><td>Q REPORT:
Object
226
243
464
TOTAL</td><td>Encumbrance
$10
12
13
$35</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>AFTER ENCUMBRANCE ALLOCATION:
Q REPORT:
Object
226
243
464
912
TOTAL</td><td>Encumbrance
$10
12
13
(35)
$ 0</td></tr>
<tr><td colspan="2">ENTER TC 312:
Index, PCA, Object 912
Override: Fund, FS, AS, Method</td><td colspan="2">ENTER TC 316:
Index, PCA, Object 912
Override: Fund, FS, AS, Method</td></tr>
<tr><td>AFTER TC 312:
Q REPORT:
Object
226
243
464
912
TOTAL</td><td>Encumbrance
$10
12
13
0
$35</td><td>AFTER TC 316:
Q REPORT:
Object
912
TOTAL</td><td>Encumbrance
$(35)
$(35)</td></tr>
</table>

ENTER SUBSIDIARIES FOR GLA 1390 AND GLA 1600

GLA 1600-Provision for Deferred Receivables is an offset account to:

GLA 1315-Accounts Receivable Dishonored Checks;
GLA 1316-Accounts Receivable Cash Shortages;
GLA 1319-Accounts Receivable Other;
GLA 1340-Accounts Receivable Audit Exceptions; and
GLA 1380-Contingent Receivables.

At year end, agencies must report the amount of each GLA that is offset by GLA 1600. This is done by adding Subsidiary numbers to GLA 1600 to identify the amount of each offsetting account. During the year, GLA 1600 is not recorded with Subsidiary information. TC 593 is a special purpose transaction that allows agencies to add Subsidiary to GLA 1600. The numbering convention for the Subsidiary number is ***nnnn*****0000**, where ***nnnn*** is the GLA being offset. All Subsidiary numbers must first be established in the D32 Subsidiary Descriptor Table.

To identify the amount of each account offset by GLA 1600, sum the G02 Report, Post Closing Trial Balance, amounts for the GLAs shown above. If the total equals the amount of GLA 1600 on the G02 Report, Post Closing Trial Balance, then these balances will be used to post the Subsidiary numbers. If they do not equal the GLA 1600 amount, further analysis is required to determine the amount by GLA that is offset. Look at the impact of the A-9, A-10 and A-12 adjusting entries. If further analysis is needed, research with the G03 Report, Trial Balance by Transaction Code. Make one summary entry for each offsetting general ledger account.

If GLA 1390-Allowance for Uncollectible Amounts is used, Subsidiary numbers must be added as described above, using TC 592.

If these entries are not made for GLA's 1390 and 1600, the G02 Report, Post Closing Trial Balance, will have an out of balance message printed for each fund

These year-end entries should be reversed in the new fiscal year.

NOTE: To have these entries automatically reversed during the Year-end Open process, they must be coded according to the Automated Accrual Reversal Process requirements discussed in Chapter II, section *Use of Fiscal Month 13 for Year-end Adjustments*

NOTE For Automated Year-End Process Participants: To have the entries for GLA 1315 – Accounts Receivable Dishonored Checks post correctly to the CSTARDB3 report, the TC 593s must be posted with the same fiscal year (FY) as recorded in the Document File.